

# MINUTES OF MEETING OF STATE BUILDING COMMISSION

## EXECUTIVE SUB-COMMITTEE

MAY 20, 2002

The State Building Commission Executive Sub-committee met this day in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee, at 2:00 p.m., with the following State Building Commission Sub-committee members and departments present.

### STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

C. Warren Neel, Commissioner, Department of Finance and Administration  
Riley Darnell, Secretary of State  
John Morgan, Comptroller of the Treasury

### STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

Steve Adams, State Treasurer

### OTHERS PRESENT

Larry Kirk, Department of Finance and Administration  
Georgia Martin, Department of Finance and Administration  
Charles Garrett, Department of Finance and Administration  
Gloria Rittenberry, Department of Finance and Administration  
Jurgen Bailey, Department of Finance and Administration  
Charles Harrison, Comptroller's Office  
Mark Wood, Secretary of State's Office  
Genie Whitesell, Attorney General's Office  
Pat Haas, Comptroller's Office  
Dennis Raffield, THEC  
George Brummett, Department of Finance and Administration  
Jerry Preston, Tennessee Board of Regents  
Ken Scalf, Department of Finance and Administration

John Gregory, Tennessee Wildlife Resources Agency  
Alvin Payne, University of Tennessee  
Philip Scheurer, University of Tennessee  
Robbi Stivers, University of Tennessee  
Karen Hale, Comptroller's Office  
Bob King, Department of Finance and Administration  
Ryan Meredith, Department of Finance and Administration  
Col. Greg Phelps, Military Department  
Frank Glass, Motlow State Community College  
Tom Giese, Department of Correction  
Jeff Hoge, Department of Transportation  
John Boynton, Department of Transportation  
Mark Miller, City of Pigeon Forge  
Earlene Teaster, City of Pigeon Forge  
James Gass, City of Pigeon Forge  
Debbie Dunn, Dept of Children's Services  
Leonard Burton, Dept of Children's Services

Commissioner Neel called the meeting to order at 2:07 p.m. and requested action on the following matters as presented by Assistant Commissioner Larry Kirk.

\* \* \* \* \*

**DEPARTMENT OF CORRECTION**

**STATEWIDE**

- 1) Mr. Kirk presented a request for approval to demolish six residential structures and associated support buildings at the following locations:

West Tennessee State Penitentiary (4 houses)  
Middle Tennessee Correctional Complex (1 house)  
Tennessee Prison for Women (1 house; 3 out buildings)

He stated that the Tennessee Historical Commission had given their concurrence in the demolitions, subject to mitigation with the Department of Correction concerning the buildings at WTSP. The Subcommittee approved the request as presented.

**Estimated Project Cost: \$0.00**  
SBC Project No. 140/001-01-02

\* \* \* \* \*

MILITARY DEPARTMENT

NATIONAL GUARD ARMORY, NASHVILLE, TENNESSEE

- 1) Approved a project and acknowledgment of the source of funding for **Security System** at Houston Barracks with design services to be accomplished by in-house TNARNG Facilities Engineers and Departmental consultants.

<b>Estimated Project Cost:</b>	<b>\$204,000.00</b>
<i>SBC Project No.</i>	<i>361/067-02-02</i>

\*\*\*\*\*

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property as required by TCA 4-15-102 and 12-2-112.

Description: **Coffee County – 0.745 +/- Acres with Improvement – Motlow State Community College, Tullahoma, TN – Trans. No. 01-04-012 (GM)**

Purpose: Disposal in Fee of the President's residence of Motlow State Community College.

Original Cost to State: \$49,100.00

Date of Original Conveyance: October 1970

Grantor Unto State: Charles and Mary Alexander

Estimated Sale Price: Pending Appraisal - \$190,000 Appraised Value

Grantee: Vernon Edmonds

SSC Report: 05-14-01. Referred to Sub-Committee for consent agenda.

SC Action: 05-21-01. Approved the transaction as presented. Final action.

Comment: 04-30-02. The subject property was advertised for sale in January 2002 for \$190,000.00 in Nashville and Tullahoma. No bids were received as result of the advertisement. Since the advertisement, nine inquiries have been received with the only offer in the amount of \$150,000.00 from Mr. Vernon Edmonds.

SSC Report: 05-13-02. Jurgen Bailey summarized the transaction. He stated the TBR presented its reasons for requesting approval to disposal of the property at the \$150,000.00 offer. Pat Gregory, TBR reported that the College also advertised with no minimum bid, placed a for sale sign in front of the property, and held open house tours. Karen Hale, representing the Comptroller's office, stated that it is recommended that the transaction be re-advertised. Staff referred to Sub-committee for discussion.

**Tennessee Board of Regents – continued:**

SC Action:           05-20-02. Jerry Preston advised the Committee that there are two remaining 2-year colleges where the President's residences are still in use. He stated those colleges are Roan State Community College and Dyersburg State Community College. Mr. Preston also advised that only one valid offer was received after two advertisements. He requested approval disposal of the property at the offer received from Mr. Edmonds in the amount of \$150,000.00. Sub-committee approved the transaction as requested. Final action.

TENNESSEE BOARD OF REGENTS

UNIVERSITY OF MEMPHIS, MEMPHIS, TENNESSEE

- 1) Approved a project and acknowledgment of the source of funding for **Journalism School Photography Labs Ventilation Corrections** at University of Memphis with design services to be provided by regional consultant.

**Estimated Project Cost:** **\$250,000.00**  
*SBC Project No.* 166/007-02-02

\*\*\*\*\*

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description: Weakley County – 0.517 +/- Acres – Gardner Road & 45 By-Pass, University of Tennessee at Martin – Trans. No. 02-04-008 (LW)

Purpose: Disposal by Lease for installation of a water tank by the City of Martin

Term: Ninety-nine (99) Years

Consideration: Grant – Public Benefit

Lessee: City of Martin, TN

Comment: As part of the consideration for the land, the City will prominently inscribe on the water tower "University of Tennessee at Martin".

SSC Report: 05-13-02. Alvin Payne advised that the lease area is on raw land at the Agricultural Experiment Center and that the City's project will increase water pressure back to the University campus. Staff referred to Sub-committee with recommendation.

SC Action: 05-20-02. Alvin Payne stated the lease area in the far most northwest corner of the campus and will not impact the property. Sub-committee approved the transaction as requested. Final action.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK in the following real property:

Description: Shelby County – 6.91 +/- Acres with Improvements – Madison Avenue, Dudley Street, and Monroe Avenue, Memphis, TN – Trans. No. 01-08-014 (CH)

Purpose: Obtain an opinion of title of potential gift property to the UT Health Science Center.

Source of Funding: Operating Funds

Estimated Title Fees: Pending Bid

Owner(s): Baptist Hospital Memorial Health Care Corporation

SSC Report: 09-17-01. Referred to Sub-Committee for consent agenda.

SC Action: 09-24-01. Sub-Committee approved the transaction as presented. Final Action.

Review of a request for APPROVAL to complete SURVEY and ACCEPT as a GIFT, with WAIVER of APPRAISAL, required interest in real property.

SSC Report: 02-15-02. Deferred at agency request.

SSC Report: 05-13-02. Alvin Payne presented a summary of the transaction. He stated the (4) buildings were to be accepted by the University as a Gift were adjacent to the campus, provided 500,000 square feet of space, and 1,260 parking spaces. He also stated the property will be leased to private tenants and University use as well. He stated the University's request was three-fold: 1) A Conditional Gift Agreement to Accept the property, 2) a short-term agreement for HVAC purposes from the Bio-Tech Foundation, and 3) a \$6,800,000.00 project to replace the existing HVAC (chillers and boilers). After further review and discussion, staff referred to Sub-committee for discussion.



**University of Tennessee – continued:**

SC Action: 05-20-02. Alvin Payne summarized the transaction. Secretary Darnell inquired as to HVAC problems. Mr. Payne stated HVAC was provided to the 3 buildings by Baptist Memorial Hospital (BMH). He stated the University may need to enter into an agreement with BMH if the transfer to the BioTech Foundation does not occur at the same time as the transfer to the University. Comptroller Morgan asked if approval was not received until the full Commission met, would that create difficulty in terms of timing. Mr. Payne stated the University's goal is June 30, 2002 and requested Sub-committee refer to the full Commission with recommendation. He further stated it is anticipated the University will have its own plant designed and installed in approximately 2 years. The Committee unanimously agreed that the project is a good project and referred to the full State Building Commission with recommendation.

\* \* \* \* \*

## DEPARTMENT OF TRANSPORTATION

### LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description: **Sevier County – 53.3 +/- Acres (4.74 +/- Mile Strip) – Along State Route 71, Pigeon Forge, TN – Trans. No. 02-04-003 (BM)**

Purpose: Disposal by Lease to the City of Pigeon Forge for parking purposes along State Route 71. The City will sub-lease to adjoining business owners at no cost to the business or the public.

Term: Fifteen (15) Years with 60-day cancellation

Consideration: \$1.00 – Public Benefit - Renewal

Lessee: City of Pigeon Forge, TN

Comment: The City or Sub-Lessee shall not receive revenue from this property.

SSC Report: 05-13-02. After review and discussion, staff referred to Sub-committee for discussion.

SC Action: 05-20-02. Charles Garrett presented the transaction for review and approval. Commissioner Neel asked Senator Claybough to introduce the representatives from the City. Senator Claybough introduced Earlene Teaster, City Manager, Jim Gass, City Attorney, and Mark Miller, Public Work, City of Pigeon Forge. Ms. Teaster stated that the City has leased the right-of-way since 1973 and has been in a holdover status since 1992 and respectfully request a lease renewal under the same conditions. She stated there were 310 businesses adjoining the right-of-way and that approximately 150 would have to close down without the ability to provide parking for their customers. She further stated that the City maintains the property. Mr. Gass stated that, if the proposed lease renewal was approved, the City would recommend strengthening definitions, such as public parking. Secretary Darnell expressed his concern to be consistent because some were paying rent for right-of-way, while others were not. He asked if other right-of-way leases would be renegotiated and recommended that the agency go back and look at its policy regarding leases on right-of-way property. Commissioner Neel advised TDOT to work with staff on strengthening definitions in the new lease. Subcommittee approved the transaction as presented. Final action.

**TENNESSEE WILDLIFE RESOURCES AGENCY**

**LAND ITEM**

Review of a request for APPROVAL to OBTAIN TITLE WORK, SURVEY and ACCEPT as GIFT with WAIVER of APPRAISAL, required interest in the following real property:

Description: **Blount County – 394.0 +/- Acres – Trans. No. 02-04-011 (CH)**

Purpose: Acquisition in Fee to provide wildlife habitat and recreation purposes and protect from future development.

Source of Funding: Gift

Estimated Cost: Gift

Estimated Title,  
And Survey Fees: Pending Bid

Owner(s): Foothills Land Conservancy

SSC Report: 05-13-02. John Gregory stated that staff from the Kyker Bottoms WMA will monitor the property. He stated the property is needed to keep wildlife habitat in place and for hunter use and that there are no plans at this time to make any improvements to the property. Staff referred to Sub-committee with recommendation.

SC Action: 05-20-02. Sub-committee approved the transaction as presented. Final action.

\*\*\*\*\*

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Smith County – Commerce Lane, Carthage, TN – Trans. No. 01-10-921 (RS)

Purpose: To provide office and related space for county operations of the Departments of Human Services and Children's Services

Term: March 1, 2003 thru February 28, 2013 (10 Yrs.)

Proposed Amount:	<u>8,100 Square Feet</u>		
	Annual Contract Rent:	\$68,850.00	@ \$ 8.50/sf
	Est. Annual Utility Cost:	\$11,340.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 8,910.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$89,100.00	@ \$11.00/sf

Current Amount:	<u>3,876 Square Feet</u>		
	Annual Contract Rent:	\$21,600.00	@ \$5.57/sf
	Est. Annual Utility Cost:	\$ 5,426.40	@ \$1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 4,263.60</u>	<u>@ \$1.10/sf</u>
	Total Annual Effective Cost:	\$31,290.00	@ \$8.07/sf

Type: New Lease – Advertisement – Lowest of (4) Proposals from (4) Proposers

Lessor: Paul Gaw General Partnership

Comment: The proposed lease provides that the Lessor will 1) construct a 8,100 square foot office building including interior tenant build-out at no additional cost to the State and 2) no cancellation during the first five (5) years of the lease term except for cause and/or funding and 180 days notice thereafter.

SSC Report: 05-13-02. Referred to Sub-committee with recommendation.

SC Action: 05-20-02. Sub-committee approved the transaction as presented. Final action.

\*\*\*\*\*

**STATE BUILDING COMMISSION**

**MINUTES OF MEETING OF STATE BUILDING COMMISSION**

- 1) Approved the Minutes of the State Building Commission Executive Sub-committee meeting held on April 22, 2002.

\* \* \* \* \*

Following approval of the Consent Agenda, the meeting adjourned at 2:37 p.m.

### CONSENT AGENDA

Approved the following Real Property transactions that have been reviewed and recommended for approval by Sub-committee staff:

- A. Agency: **Department of Transportation – Davidson County**  
Trans.: Amendment to a Disposal by Lease  
Provision: Waiver of Advertisement and Appraisals
- B. Agency: **TN Wildlife Resource Agency – Maury County**  
Trans.: Disposal by Easement with Right-of-Entry  
Provision: Waiver of Advertisement and (1) Appraisal  
And with (1) In-House Appraisal
- C. Agency: **F & A for TennCare – Davidson County**  
Trans.: Lease Amendment
- D. Agency: **Human Services & Children's Services – Campbell County**  
Trans.: Lease Agreement
- E. Agency: **Human Services & Children's Services – Monroe County**  
Trans.: Lease Agreement
- F. Agency: **Human Services & Children's Services – Maury County**  
Trans.: Lease Agreement

DEPARTMENT OF TRANSPORTATION

A.

LAND ITEM

Review of a request for APPROVAL of the following AMENDMENT of a LEASE of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description: Davidson County – 0.02 +/- Acres (873 Feet)– South Side of Highway 70 South near Highway 100, Nashville, TN – Trans. No. 02-04-010 (BM)

Purpose: Amendment to reduce leased area due to the Department's need for necessary road improvements.

Term: Remainder of Lease Term – Expires November 14, 2009

Consideration: \$628.56 per year (\$0.72 per foot)

Grantee: H.M.L. Company, Current Lessee

SSC Report: 05-13-02. Referred to Sub-committee for consent agenda.

SC Action: 05-20-02. Approved the transaction as presented. Final action.

TN WILDLIFE RESOURCE AGENCY

B.

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and One (1) APPRAISAL and APPROVAL of One (1) IN-HOUSE APPRAISAL and RIGHT-OF-ENTRY as required by TCA 4-15-102 and 12-2-112.

Description: **Maury County – 0.50 +/- Acres – Trans. No. 02-04-012 (CH)**

Purpose: Disposal by Easement to the adjoining landowner for an underground septic system field lines.

Estimated Sale Price: Grant – Public Benefit

Grantee: Glendale Methodist Church

Comment: System field lines will not negatively impact use of the property for wildlife habitat or wildlife recreation.

SSC Report: 05-13-02. After review and discussion, staff referred the transaction to consent agenda and recommends approval of (1) in-house appraisal and contingent upon TDOT's approval to run the field lines beneath the road to Church property.

SC Action: 05-20-02. Approved the transaction as presented. Final action.



DEPARTMENT OF FINANCE & ADMINISTRATION

C.

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property as required by TCA 12-2-115:

Location: Davidson County – 706 Church Street, Doctor's Building, Nashville, TN  
– Trans. No. 02-05-903 (JS)

Purpose: Lease amendment to reduce space occupied by TennCare

Term: June 1, 2002 thru September 30, 2004 (2 Yrs., 4 Mos.)

Proposed Amount: 61,445 Square Feet  
Annual Contract Rent Incl.  
Utility & Janitorial Cost: \$820,411.20 @ \$13.35/sf  
Total Annual Effective Cost: \$820,411.20 @ \$13.35/sf

Current Amount: 62,537 Square Feet  
Annual contract Rent Incl.  
Utility & Janitorial Cost: \$835,470.00 @ \$13.35/sf  
Total Annual Effective Cost: \$835,470.00 @ \$13.35/sf

Type: Amendment No. 3 – 1,128 Square Feet Reduction

Lessor: Church Street Investors

SSC Report: 05-13-02. Referred to Sub-committee for consent agenda.

SC Action: 05-20-02. Approved the transaction as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Campbell County – 2221 Jacksboro Pike, LaFollette, TN – Trans. No. 01-04-930 (JS)

Purpose: To provide office and related space for county operations of the Department's of Human Services and Children's Services.

Term: January 1, 2003 thru December 31, 2012 (10 Yrs.)

Proposed Amount: 22,175 Square Feet

Annual Contract Rent:	\$168,530.04	@ \$ 7.60/sf
Est. Annual Utility Cost:	\$ 31,045.00	@ \$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 24,392.50</u>	<u>@ \$ 1.10/sf</u>
Total Annual Effective Cost:	\$223,967.54	@ \$10.10/sf

Current Amount: 14,879 Square Feet (2 Locations)

Avg. Annual Contract Rent:	\$ 86,125.00	@ \$5.79/sf
Avg. Est. Annual Utility Cost:	\$ 20,830.60	@ \$1.40/sf
Avg. Est. Annual Janitorial Cost:	<u>\$ 16,366.90</u>	<u>@ \$1.10/sf</u>
Avg. Total Ann. Effective Cost:	\$123,322.50	@ \$8.29/sf

Type: New Lease – Advertisement – Lowest of (7) Proposals from (4) Proposers

Lessor: Woodson's Cash Stores, Inc. – Current Lessor

Comment: The proposed lease provides that the Lessor shall 1) construct interior tenant improvements and upgrade at no additional cost to the State and 2) no cancellation during the first (5) years of the lease term except for cause and/or funding and 180 days notice thereafter.

SSC Report: 05-13-02. Referred to Sub-committee for consent agenda.

SC Action: 05-20-02. Approved the transaction as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

E.

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and as required by TCA 12-2-115:

Location: Monroe County – 123 Pedigo Road, Madisonville, TN – Trans. No. 01-04-909 (JS)

Purpose: To provide office and related space for county operations of the Departments of Human Services and Children's Services

Term: January 1, 2003 thru December 31, 2012 (10 Yrs.)

Proposed Amount: 9,500 Square Feet

Avg. Annual Contract Rent:	\$71,136.00	@\$7.48/sf
Avg. Est. Annual Utility Cost:	\$13,300.00	@\$1.40/sf
Avg. Est. Annual Janitorial Cost:	<u>\$10,450.00</u>	<u>@\$1.10/sf</u>
Avg. Total Ann. Effective Cost:	\$94,886.00	@\$9.98/sf

Current Amount: 6,000 Square Feet

Annual Contract Rent:	\$34,240.00	@\$5.70/sf
Est. Annual Utility Cost:	\$ 8,400.00	@\$1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 6,600.00</u>	<u>@\$1.10/sf</u>
Total Annual Effective Cost:	\$49,240.00	@\$8.20/sf

Type: New Lease – Advertisement – Lowest of (4) Proposals from (2) Proposers

Lessor: Lee Enterprises of Madisonville – Current Lessor

Comment: The proposed lease provides the Lessor will 1) construct a 9,500 square foot office building with interior tenant improvements at no additional cost to the State, 2) no cancellation during the first (5) years of the lease term except for cause and/or funding and 180 days notice thereafter, and 3) beginning in the fifth year the annual rent will increase from \$68,400.00 to \$73,872.00.

SSC Report: 05-13-02. Referred to Sub-committee for consent agenda.

SC Action: 05-20-02. Approved the transaction as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Maury County – 1400-1500 College Park Drive, Columbia, TN – Trans. No. 01-07-903 (EN)

Purpose: To provide office and related space for operations of the Departments of Human Services and Children's Services

Term: January 1, 2003 thru December 31, 2012 (10 Yrs.)

Proposed Amount: 45,000 Square Feet

Annual Contract Rent:	\$303,750.00	@\$6.75/sf
Est. Annual Utility Cost:	\$ 63,000.00	@\$1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 49,500.00</u>	<u>@\$1.10/sf</u>
Total Annual Effective Cost:	\$416,250.00	@\$9.25/sf

Current Amount: 28,776 Square Feet (4 Locations)

Avg. Annual Contract Rent:	\$244,638.08	@\$8.50/sf
Avg. Ann. Utilities & Janitorial Cost:	<u>\$ 34,116.00</u>	<u>@\$1.19/sf</u>
Avg. Total Ann. Effective Cost:	\$278,754.08	@\$9.69/sf

Type: New Lease – Advertisement – Lowest of (10) Proposals from (6) Proposers

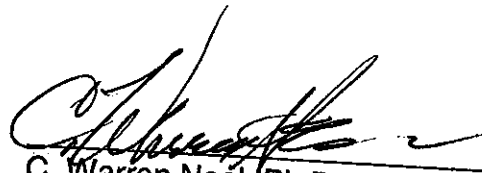
Lessor: Columbia Office Facility, aka Hearthwood Properties, LLC

Comment: The proposed provides the Lessor will 1) construct a 45,000 square foot office building including interior tenant improvements at no additional cost to the State, 2) no cancellation during the first (5) five years of the lease term except for cause and/or funding and 180 days notice thereafter, and 3) the State's Option to Purchase at the end of each year of the lease term.

SSC Report: 05-13-02. Referred to Sub-committee for consent agenda.

SC Action: 05-20-02. Approved the transaction as presented. Final action.

APPROVED BY:

  
\_\_\_\_\_  
C. Warren Neel, Ph.D., Commissioner  
Department of Finance and Administration